

Nedbank Limited

Reg No 1951/000009/06

Incorporated in the Republic of South Africa

JSE share code: NBKP

ISIN: ZAE000043667

MAKE
THINGS
HAPPEN



CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

OVERVIEW

Nedbank Ltd ('Nedbank') is a wholly owned subsidiary of Nedbank Group Ltd ('Nedbank Group'), which is listed on JSE Ltd. These condensed consolidated interim financial results are published to provide information to holders of Nedbank's listed non-redeemable non-cumulative preference shares.

Commentary relating to the Nedbank condensed consolidated interim financial results is included in the Nedbank Group Ltd ('Nedbank Group') results, as presented to shareholders on 1 August 2016. Further information is provided on the website at nedbankgroup.co.za.

BOARD AND GROUP EXECUTIVE CHANGES

Paul Hanratty stepped down as a non-executive director of Nedbank Group and Nedbank on 12 March 2016. Errol Kruger was appointed as an independent non-executive director of Nedbank Group and Nedbank with effect from 1 August 2016.

Ciko Thomas, who has been a part of the Retail and Business Banking (RBB) leadership team and Group Executive Committee for the past six years, was appointed as Managing Executive of Nedbank RBB with effect from 1 April 2016 following the retirement of Philip Wessels, as was previously announced on 1 March 2016.

ACCOUNTING POLICIES¹

Nedbank Ltd is a company domiciled in SA. The reviewed condensed consolidated interim financial results of the group at and for the period ended 30 June 2016 comprise the company and its subsidiaries (the 'group') and the group's interests in associates and joint arrangements.

The condensed consolidated interim financial results contained in the SENS announcement have been extracted from the reviewed condensed consolidated interim financial statements, which have been prepared in accordance with the provisions of the JSE Ltd Listings Requirements for interim reports. The condensed consolidated interim financial statements comprise the condensed consolidated statement of financial position at 30 June 2016, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cashflows for the period then ended and selected explanatory notes, which are indicated by the symbol¹.

The JSE Ltd Listings Requirements require interim reports to be prepared in accordance with and containing the information required by the International Financial Reporting Standards, International Accounting Standard 34: Interim Financial Reporting, the South African Institute of Chartered Accountants' Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of the reviewed condensed consolidated interim financial statements are in terms of the International Financial Reporting Standards and are consistent with the accounting policies that were applied in the preparation of the previous consolidated financial statements.

The condensed consolidated interim financial results have been prepared under the supervision of Raisibe Morathi CA(SA), the Chief Financial Officer. The directors take full responsibility for the preparation of the condensed consolidated interim financial results and for correctly extracting the financial information from those underlying reviewed condensed consolidated interim financial statements for inclusion in the 2016 interim results booklet and SENS announcement.

EVENTS AFTER THE REPORTING PERIOD¹

There are no material events after the reporting period to report on.

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – INDEPENDENT AUDITORS' CONCLUSION

The condensed consolidated interim financial statements for the period ended 30 June 2016 have been reviewed by KPMG Inc and Deloitte & Touche, who expressed an unmodified review conclusion thereon.

A copy of the auditors' review report on the condensed consolidated interim financial statements is available for inspection at the company's registered office, together with the condensed consolidated interim financial statements identified in the auditors' review report.

The auditors' review report does not necessarily report on all of the information contained in the condensed consolidated financial results. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditors' engagement, they should obtain a copy of the auditors' review report together with the accompanying financial statements from Nedbank Group Ltd's registered office.

FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Nedbank and its companies, which, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include global, national and regional economic conditions; levels of securities markets; interest rates; credit or other risks of lending and investment activities; as well as competitive and regulatory factors. By consequence, all forward-looking statements have not been reviewed or reported on by the group's auditors.

NEDBANK NON-REDEEMABLE NON-CUMULATIVE PREFERENCE SHARES – DECLARATION OF DIVIDEND NO 27

Notice is hereby given that gross preference dividend no 27 of 42,75385 cents per share has been declared for the period from 1 January 2016 to 30 June 2016, payable on Monday, 29 August 2016, to shareholders of the Nedbank non-redeemable non-cumulative preference shares recognised in the accounting records of the company at the close of business on Friday, 26 August 2016. The dividend has been declared out of income reserves.

The dividend will be subject to a dividend withholding tax rate of 15% (applicable in SA), resulting in a net dividend of 36,34077 cents per share to those shareholders who are not exempt from paying dividend tax. Nedbank's tax reference number is 9250/083/71/5 and the number of preference shares in issue at the date of declaration is 358 277 491.

In accordance with the provisions of Strate, the electronic settlement and custody system used by JSE Ltd, the relevant dates for the payment of the dividend are as follows:

Last day to trade (cum dividend)	Tuesday, 23 August 2016
Shares commence trading (ex dividend)	Wednesday, 24 August 2016
Record date (date shareholders recorded in books)	Friday, 26 August 2016
Payment date	Monday, 29 August 2016

Share certificates may not be dematerialised or rematerialised between Wednesday, 24 August 2016, and Friday, 26 August 2016, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Shareholders who have dematerialised their share certificates will have their accounts, at their participant or broker, credited on Monday, 29 August 2016.

For and on behalf of the board

Vassi Naidoo
Chairman

Mike Brown
Chief Executive

1 August 2016

Registered office: Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown, Sandton, 2196; PO Box 1144, Johannesburg, 2000.

Transfer secretaries: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001; PO Box 61051, Marshalltown, 2107.

Directors:

V Naidoo (Chairman), MWT Brown* (Chief Executive), DKT Adomakoh (Ghanaian), TA Boardman, BA Dames, ID Gladman (British), JB Hemphill, EM Kruger, PM Makwana, Dr MA Matooane, NP Mnxasana, RK Morathi* (Chief Financial Officer), JK Netshitenzhe, MC Nkuhlu* (Chief Operating Officer), S Subramoney, MI Wyman** (British).

* Executive ** Lead independent director

Company Secretary
Sponsors
Nedbank Limited

TSB Jali
Investec Bank Limited, Nedbank CIB
Reg No 1951/000009/06
Incorporated in the Republic of South Africa
NBKP
ZAE000043667

JSE share code:
ISIN:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

	Change %	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm
Interest and similar income	19,4	31 774	26 613	55 128
Interest expense and similar charges	25,8	19 663	15 632	32 724
Net interest income	10,3	12 111	10 981	22 404
Impairments charge on loans and advances	(11,6)	1 967	2 226	4 608
Income from lending activities	15,9	10 144	8 755	17 796
Non-interest revenue	10,4	9 257	8 387	17 514
Operating income	13,2	19 401	17 142	35 310
Total operating expenses	7,2	12 157	11 345	23 459
Indirect taxation	45,1	402	277	668
Profit from operations before non-trading and capital items	23,9	6 842	5 520	11 183
Non-trading and capital items	< (100)	(143)	3	(144)
Net (loss)/profit on sale of investment securities and property and equipment		(104)	3	(26)
Net impairment of intangible assets		(39)		(118)
Profit from operations	21,3	6 699	5 523	11 039
Share of (losses)/profits of associate companies and joint arrangements	< (100)	(12)	6	(1)
Profit from operations before direct taxation	20,9	6 687	5 529	11 038
Total direct taxation	9,9	1 634	1 487	2 828
Direct taxation		1 645	1 487	2 860
Taxation on non-headline earnings items		(11)		(32)
Profit for the period	25,0	5 053	4 042	8 210
Other comprehensive (losses)/income net of taxation	< (100)	(44)	73	578
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations		(97)	(15)	190
Fair-value adjustments on available-for-sale assets		(5)	(2)	(9)
Items that may not subsequently be reclassified to profit or loss				
Gains on property revaluations				118
Remeasurements on long-term employee benefit assets		58	90	279
Total comprehensive income for the period	21,7	5 009	4 115	8 788
Profit attributable to:				
– Ordinary and preference equity holders	25,0	5 030	4 024	8 163
– Non-controlling interest – ordinary shareholders	27,8	23	18	47
Profit for the period	25,0	5 053	4 042	8 210
Total comprehensive income attributable to:				
– Ordinary and preference equity holders	21,7	4 986	4 097	8 739
– Non-controlling interest – ordinary shareholders	27,8	23	18	49
Total comprehensive income for the period	21,7	5 009	4 115	8 788

HEADLINE EARNINGS RECONCILIATION

for the period ended

	Change %	30 Jun 2016 (Reviewed) Rm Gross	30 Jun 2016 (Reviewed) Rm Net of taxation	30 Jun 2015 (Reviewed) Rm Gross	30 Jun 2015 (Reviewed) Rm Net of taxation	31 Dec 2015 (Audited) Rm Gross	31 Dec 2015 (Audited) Rm Net of taxation
Profit attributable to ordinary and preference equity holders	25,0		5 030		4 024		8163
Less: Non-headline earnings items		(143)	(132)	3	3	(144)	(112)
Net (loss)/profit on sale of investment securities and property and equipment		(104)	(104)	3	3	(26)	(26)
Net impairment of intangible assets		(39)	(28)			(118)	(86)
Headline earnings attributable to ordinary and preference equity holders	28,4		5 162		4 021		8 275

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at

	Change %	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm
Assets				
Cash and cash equivalents	(24,7)	18 407	24 451	18 151
Other short-term securities	20,0	65 813	54 835	60 078
Derivative financial instruments	33,5	19 906	14 911	30 948
Government and other securities	38,6	51 695	37 296	42 733
Loans and advances	7,2	677 672	632 016	666 807
Other assets	37,1	4 785	3 490	3 925
Current taxation assets	> 100	1 083	342	904
Investment securities	4,9	1 744	1 662	1 648
Non-current assets held for sale	(76,9)	3	13	2
Investments in private-equity associates, associate companies and joint arrangements	31,1	1 667	1 272	1 400
Deferred taxation assets	(65,7)	58	169	67
Property and equipment	14,8	8 265	7 201	8 114
Long-term employee benefit assets	13,0	5 151	4 560	4 885
Mandatory reserve deposits with central banks	9,3	16 732	15 302	16 190
Intangible assets	14,6	5 387	4 702	4 881
Total assets	9,5	878 368	802 222	860 733
Equity and liabilities				
Ordinary share capital		28	28	28
Ordinary share premium	3,5	19 182	18 532	18 532
Reserves	14,4	39 898	34 862	37 610
Total equity attributable to equity holders of the parent	10,6	59 108	53 422	56 170
Preference share capital and premium		3 561	3 561	3 561
Non-controlling interest attributable to:				
– Ordinary shareholders	22,4	235	192	223
– Additional tier 1 capital instruments		1 524		
Total equity	12,7	64 428	57 175	59 954
Derivative financial instruments	30,5	19 611	15 032	33 996
Amounts owed to depositors	8,5	729 920	672 521	708 036
Provisions and other liabilities	(8,1)	8 128	8 843	9 911
Current taxation liabilities	(17,4)	109	132	87
Deferred taxation liabilities	> 100	1 251	305	763
Long-term employee benefit liabilities	4,5	3 121	2 988	3 009
Long-term debt instruments	14,5	51 800	45 226	44 977
Total liabilities	9,2	813 940	745 047	800 779
Total equity and liabilities	9,5	878 368	802 222	860 733

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total equity attributable to equity holders of the parent Rm	Preference share capital and premium Rm	Non-controlling interest attributable to ordinary shareholders Rm	Non-controlling interest attributable to additional tier 1 capital instruments Rm	Total equity Rm
Audited balance at 31 December 2014	52 236	3 561	183		55 980
Preference share dividend	(178)				(178)
Dividend to ordinary shareholders	(3 200)		(9)		(3 209)
Issues of shares net of expenses	1 111				1 111
Total comprehensive income for the period	4 097		18		4 115
Share-based payment reserve movement	(629)				(629)
Regulatory risk reserve provision	(15)				(15)
Reviewed balance at 30 June 2015	53 422	3 561	192	-	57 175
Preference share dividend	(193)				(193)
Dividend to ordinary shareholders	(2 000)				(2 000)
Total comprehensive income for the period	4 642		31		4 673
Share-based payment reserve movement	286				286
Regulatory risk reserve provision	15				15
Other movements	(2)				(2)
Audited balance at 31 December 2015	56 170	3 561	223	-	59 954
Additional tier 1 capital instruments issued¹				1 524	1 524
Preference share dividend	(177)				(177)
Dividend to ordinary shareholders	(2 500)		(11)		(2 511)
Issues of shares net of expenses	650				650
Total comprehensive income for the period	4 986		23		5 009
Share-based payment reserve movement	(20)				(20)
Other movements	(1)				(1)
Reviewed balance at 30 June 2016	59 108	3 561	235	1 524	64 428

¹ The group issued a new style (Basel III compliant) additional tier 1 capital instrument of R1,5bn in May 2016 at JIBAR + 7%. In line with the bank regulations, subject to regulatory approval, the instruments are callable only at the option of the issuer on 21 May 2021 and any interest payment date thereafter.

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

for the period ended

	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm
Cash generated by operations	10 706	9 341	19 257
Change in funds for operating activities	(12 479)	(587)	(9 508)
Net cash (utilised by)/from operating activities before taxation	(1 773)	8 754	9 749
Taxation paid	(2 067)	(1 791)	(3 771)
Cashflows (utilised by)/from operating activities	(3 840)	6 963	5 978
Cashflows utilised by investing activities	(2 117)	(125)	(2 070)
Cashflows from financing activities	6 320	7 326	4 884
Effects of exchange rate changes on opening cash and cash equivalents (excluding foreign borrowings)	435	(11)	(51)
Net increase in cash and cash equivalents	798	14 153	8 741
Cash and cash equivalents at the beginning of the period ²	34 341	25 600	25 600
Cash and cash equivalents at the end of the period ²	35 139	39 753	34 341

² Including mandatory reserve deposits with central banks.

CONDENSED SEGMENTAL REPORTING

for the period ended

	Total assets			Total liabilities			Operating income/(losses)			Headline earnings/(losses)		
	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm
Nedbank Corporate and Investment Banking	476 225	422 890	470 567	447 896	401 042	447 471	6 688	5 793	12 101	3 004	2 485	5 208
Nedbank Retail and Business Banking	296 492	282 988	292 560	270 452	255 945	265 636	12 477	11 369	23 715	2 371	2 132	4 460
Nedbank Wealth	62 668	61 458	61 322	59 223	58 767	58 588	2 247	1 997	4 320	614	519	1 134
Rest of Africa	32 734	29 250	32 941	25 447	24 722	26 142	713	668	1 358	(550)	344	691
Centre	76 069	70 038	68 336	60 284	53 574	49 138	49	(9)	(650)	(12)	(157)	(662)
Total for Nedbank Group	944 188	866 624	925 726	863 302	794 050	846 975	22 174	19 818	40 844	5 427	5 323	10 831
Fellow-subsiary adjustments	(65 820)	(64 402)	(64 993)	(49 362)	(49 003)	(46 196)	(2 773)	(2 676)	(5 534)	(265)	(1 302)	(2 556)
Total	878 368	802 222	860 733	813 940	745 047	800 779	19 401	17 142	35 310	5 162	4 021	8 275

During 2015 the Nedbank Corporate and Nedbank Capital clusters were merged to form the Nedbank Corporate and Investment Banking Cluster. Similarly, the Nedbank Retail and Nedbank Business Banking clusters were merged to form the Nedbank Retail and Business Banking Cluster.

The comparative segment information previously presented for Nedbank Corporate, Nedbank Capital, Nedbank Retail and Nedbank Business Banking has been represented based on the new merged clusters. This had the consequential effect that certain intergroup assets and liabilities and the related eliminations between Nedbank Retail and Business Banking and the Centre have been restated.

CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and undrawn facilities

	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm
Guarantees on behalf of clients	37 771	24 647	26 374
Letters of credit and discounting transactions	2 879	3 276	4 419
Irrevocable unutilised facilities and other	94 398	108 207	101 747
	135 048	136 130	132 540

The group, in the normal course of business, enters into transactions that expose it to tax, legal and business risks. Provisions are made for known liabilities that are expected to materialise. Possible obligations and known liabilities where no reliable estimate can be made or it is considered improbable that an outflow would result are reported as contingent liabilities. This is in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

There are a number of legal or potential claims against Nedbank Ltd and its subsidiary companies, the outcome of which cannot be foreseen at present.

Commitments

Capital expenditure approved by directors

	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm
Contracted	818	1 596	1 314
Not yet contracted	1 850	1 238	2 222
	2 668	2 834	3 536

Funds to meet capital expenditure commitments will be provided from group resources. In addition, capital expenditure is incurred in the normal course of business throughout the year.

FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is an assumption that an entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is not, therefore, the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

The existence of published price quotations in an active market is the most reliable evidence of fair value and, where they exist, they are used to measure the financial asset or financial liability. A market is considered to be active if transactions occur with sufficient volumes and frequencies to provide pricing information on an ongoing basis. These quoted prices would generally be classified as level 1 in terms of the fair-value hierarchy.

Where a quoted price does not represent fair value at the measurement date or where the market for a financial instrument is not active, the group establishes fair value by using a valuation technique. These valuation techniques include, but are not limited to, reference to the current fair value of another instrument that is substantially the same in nature, reference to the value of the assets of underlying business, earnings multiples, discounted-cashflow analysis and various option pricing models. Valuation techniques applied by the group would generally be classified as level 2 or level 3 in terms of the fair-value hierarchy. The determination of whether an instrument is classified as level 2 or level 3 is dependent on the significance of observable inputs versus unobservable inputs in relation to the fair value of the instrument. Inputs typically used in valuation techniques include discount rates, appropriate swap rates, volatility, servicing costs, equity prices, commodity prices, counterparty credit risk, and the group's own credit on financial liabilities.

The group has an established control framework for the measurement of fair value, which includes formalised review protocols for the independent review and validation of fair values separate from the business unit entering into the transaction. The valuation methodologies, techniques and inputs applied to the fair-value measurement of the financial instruments have been applied in a manner consistent with that of the previous financial year.

FAIR-VALUE HIERARCHY

The financial instruments recognised at fair value have been categorised into the three input levels of the International Financial Reporting Standards (IFRS) fair-value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Valuation techniques based on (directly or indirectly) market-observable inputs. Various factors influence the availability of observable inputs. These factors may vary from product to product and change over time. Factors include the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the market, the maturity of market modelling and the nature of the transaction (bespoke or generic).

Level 3: Valuation techniques based on significant inputs that are not observable. To the extent that a valuation is based on inputs that are not market-observable the determination of the fair value can be more subjective, depending on the significance of the unobservable inputs to the overall valuation. Unobservable inputs are determined on the basis of the best information available and may include reference to similar instruments, similar maturities, appropriate proxies or other analytical techniques.

All fair values disclosed below are recurring in nature.

Financial assets

	Total financial assets			Total financial assets recognised at amortised cost			Total financial assets classified as level 1			Total financial assets classified as level 2			Total financial assets classified as level 3		
	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm
Cash and cash equivalents	35 139	39 753	34 341	35 139	39 753	34 341				30 060	22 196	27 215			
Other short-term securities	65 813	54 835	60 078	35 753	32 165	32 863		474							
Derivative financial instruments	19 906	14 911	30 948				132	1	86	19 755	14 910	30 844	19		18
Government and other securities	51 695	37 296	42 733	20 369	15 826 ¹	18 807	21 193	11 108 ¹	11 239	10 133	10 362	12 687			
Loans and advances	677 672	632 016	666 807	582 934	538 517	571 603				94 705	93 466	95 171	33	33	33
Other assets	4 785	3 490	3 925	4 776	3 084	3 913	9	406	12						
Investments in private-equity associates, associate companies and joint arrangements	1 433	1 020	1 154												
Investment securities	1 744	1 662	1 648				35	39	432	1 049	824	526	1 433	1 020	1 154
	858 187	784 983	841 634	678 971	629 345	661 527	21 369	12 028	11 769	155 702	141 758	166 443	2 145	1 852	1 895

Financial liabilities

	Total financial liabilities			Total financial liabilities recognised at amortised cost			Total financial liabilities classified as level 1			Total financial liabilities classified as level 2			Total financial liabilities classified as level 3		
	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm
Derivative financial instruments	19 611	15 032	33 996				24	1	126	19 587	15 031	33 870			
Amounts owed to depositors	729 920	672 521	708 036	562 005	536 755	538 540				167 915	135 766	169 496			
Provisions and other liabilities	8 128	7 867	8 980	6 459	5 867 ²	6 020	1 459	1 667	2 744	210	333	216			
Long-term debt instruments	51 800	45 226	44 977	51 367	43 772	44 576	168	156	156	265	1 454	245			
	809 459	740 646	795 989	619 831	586 394	589 136	1 651	1 668	3 026	187 977	152 584	203 827			

1 As reported at 31 December 2015, R1 030m previously reported as loans and receivables at 30 June 2015, have been reclassified to the available-for-sale category.

2 As reported at 31 December 2015, R976m previously reported as financial liabilities at amortised cost at 30 June 2015, have been reclassified as non-financial liabilities.

Level 3 reconciliation

	Opening balance at 1 January Rm	Gains/(Losses) in profit for the year Rm	Gains/(Losses) in other comprehensive income for the year Rm	Purchases and issues Rm	Sales and settlements Rm	Closing balance at 30 Jun Rm
30 June 2016 (Reviewed)						
Financial assets						
Derivative financial instruments	18	1				19
Loans and advances	33					33
Investment securities	690	(36)		26	(20)	660
Investments in private-equity associates, associate companies and joint arrangements	1154	188		145	(54)	1433
	1895	153	-	171	(74)	2145
30 June 2015 (Reviewed)						
Financial assets						
Loans and advances	33					33
Investment securities	800	4	1	(6)		799
Investments in private-equity associates, associate companies and joint arrangements	898	45	77			1020
	1731	49	78	(6)	-	1852
31 December 2015 (Audited)						
Financial assets						
Derivative financial instruments		18				18
Loans and advances	33					33
Investment securities	800	(36)		1	(75)	690
Investments in private-equity associates, associate companies and joint arrangements	898	89		304	(137)	1154
	1731	71	-	305	(212)	1895

Effect of changes in significant unobservable assumptions on reasonable possible alternatives – level 3 instruments

The fair-value measurement of financial instruments are, in certain circumstances, measured using valuation techniques that include assumptions that are not market-observable. Where these scenarios apply, the group performs stress testing on the fair value of the relevant instruments. In performing the stress testing, appropriate levels for the unobservable-input parameters are chosen so that they are consistent with prevailing market evidence and in line with the group's approach to valuation control. The following information is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable-input parameters and which are classified as level 3 in the fair-value hierarchy. However, the disclosure is neither predictive nor indicative of future movements in fair value.

Financial assets

30 June 2016 (Reviewed)	Valuation technique	Significant unobservable input	Variance in fair value %	Value per statement of financial position Rm	Favourable change in fair value Rm	Unfavourable change in fair value Rm
Derivative financial instruments	Discounted-cashflow model, Black-Scholes model and multiple valuation techniques	Discount rates, risk-free rates, volatilities, credit spreads and valuation multiples	Between (12) and 10	19	2	(2)
Loans and advances	Discounted cashflows	Credit spreads and discount rates	Between (12) and 10	33	3	(4)
Investment securities	Discounted cashflows, adjusted net asset value, earnings multiples, third-party valuations, dividend yields	Valuation multiples, correlations, volatilities and credit spreads	Between (12) and 10	660	64	(81)
Investments in private-equity associates, associate companies and joint arrangements	Discounted cashflows, earnings multiples	Valuation multiples	Between (7) and 7	1 433	117	(132)
Total financial assets classified as level 3				2 145	186	(219)

Financial assets

30 June 2015 (Reviewed)	Valuation technique	Significant unobservable input	Variance in fair value %	Value per statement of financial position Rm	Favourable change in fair value Rm	Unfavourable change in fair value Rm
Loans and advances	Discounted-cashflow model	Credit spreads	Between (12) and 12	33	3	(4)
Investment securities	Discounted cashflows, adjusted net asset value, earnings multiples, third-party valuations, dividend yields	Valuation multiples, correlations, volatilities and credit spreads	Between (12) and 12	799	72	(91)
Investments in associate companies and joint arrangements	Discounted cashflows, earnings multiples	Valuation multiples	Between (9) and 9	1 020	85	(97)
Total financial assets classified as level 3				1 852	160	(192)

Financial assets

31 December 2015 (Audited)	Valuation technique	Significant unobservable input	Variance in fair value %	Value per statement of financial position Rm	Favourable change in fair value Rm	Unfavourable change in fair value Rm
Derivative financial instruments	Discounted-cashflow model, Black-Scholes model and multiple valuation techniques	Discount rates, risk-free rates, volatilities, credit spreads and valuation multiples	Between (13) and 10	18	2	(2)
Loans and advances	Discounted cashflows	Credit spreads and discount rates	Between (13) and 10	33	3	(4)
Investment securities	Discounted cashflows, adjusted net asset value, earnings multiples, third-party valuations, dividend yields	Valuation multiples, correlations, volatilities and credit spreads	Between (13) and 10	690	62	(77)
Investments in private-equity associates, associate companies and joint arrangements	Discounted cashflows, earnings multiples	Valuation multiples	Between (7) and 8	1 154	96	(108)
Total financial assets classified as level 3				1 895	163	(191)

Unrealised gains or losses

The unrealised gains or losses arising on instruments classified as level 3 include the following:

	30 Jun 2016 (Reviewed) Rm	30 Jun 2015 (Reviewed) Rm	31 Dec 2015 (Audited) Rm
Private-equity gains	153	44	71

Summary of principal valuation techniques – level 2 instruments

The following table sets out the group's principal valuation techniques used in determining the fair value of financial assets and financial liabilities classified as level 2 in the fair-value hierarchy:

Assets	Valuation technique	Key inputs
Other short-term securities	Discounted-cashflow model	Discount rates
Derivative financial instruments	Discounted-cashflow model	Discount rates
	Black-Scholes model	Risk-free rate and volatilities
	Multiple valuation techniques	Valuation multiples
Government and other securities	Discounted-cashflow model	Discount rates
Loans and advances	Discounted-cashflow model	Interest rate curves
Investment securities	Discounted-cashflow model	Money market rates and interest rates
	Adjusted net asset value	Underlying price of market-traded instruments
	Dividend yield method	Dividend growth rates
Liabilities		
Derivative financial instruments	Discounted-cashflow model	Discount rates
	Black-Scholes model	Risk-free rate and volatilities
	Multiple valuation techniques	Valuation multiples
Amounts owed to depositors	Discounted-cashflow model	Discount rates
Provisions and other liabilities	Discounted-cashflow model	Discount rates
Long-term debt instruments	Discounted-cashflow model	Discount rates

ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE FOR WHICH FAIR VALUE IS DISCLOSED

Certain financial instruments of the group are not carried at fair value, including those categorised as held to maturity, loans and receivables, and financial liabilities at amortised cost. The calculation of the fair value of these financial instruments incorporates the group's best estimate of the value at which these financial assets could be exchanged, or financial liabilities could be transferred, between market participants at the measurement date. The group's estimate of what fair value is does not necessarily represent the amount for which the group would be able to sell the asset for or transfer the respective financial liability in an involuntary liquidation or distressed sale.

The fair values of these respective financial instruments at the reporting date as detailed below, are estimated only for the purpose of IFRS disclosure:

Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
30 June 2016 (Reviewed)					
Financial assets	639 056	627 066	19 850	35 707	571 509
Other short-term securities	35 753	35 707		35 707	
Government and other securities	20 369	19 850	19 850		
Loans and advances	582 934	571 509			571 509
Financial liabilities	51 367	51 072	25 774	25 298	-
Long-term debt instruments	51 367	51 072	25 774	25 298	

Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
30 June 2015 (Reviewed)					
Financial assets	586 508	583 516	15 616	32 127	535 773
Other short-term securities	32 165	32 127		32 127	
Government and other securities	15 826	15 616	15 616		
Loans and advances	538 517	535 773			535 773
Financial liabilities	43 772	43 186	18 566	24 620	-
Long-term debt instruments	43 772	43 186	18 566	24 620	

Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
31 December 2015 (Audited)					
Financial assets	623 273	618 012	17 415	32 709	567 888
Other short-term securities	32 863	32 709		32 709	
Government and other securities	18 807	17 415	17 415		
Loans and advances	571 603	567 888			567 888
Financial liabilities	44 576	42 933	24 269	18 664	-
Long-term debt instruments	44 576	42 933	24 269	18 664	

There has been no significant changes in the methodology used to estimate the fair value of the above instruments.

Liquidity coverage ratio

	Total unweighted value ³ (Average)	Total weighted value ⁴ (Average)
Rm		
High-quality liquid assets (HQLA)		
Total HQLA		123 802
Cash outflows		
Retail deposits and deposits from small-business clients	156 151	15 615
– Stable deposits	–	–
– Less stable deposits	156 151	15 615
Unsecured wholesale funding	207 840	107 109
– Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	106 397	30 589
– Non-operational deposits (all counterparties)	100 263	75 340
– Unsecured debt	1 180	1 180
Secured wholesale funding	24 765	59
Additional requirements	86 778	17 061
– Outflows related to derivative exposures and other collateral requirements	2 206	2 206
– Outflows related to loss of funding on debt products	1 295	1 295
– Credit and liquidity facilities	83 277	13 560
Other contractual funding obligations	910	910
Other contingent funding obligations	111 501	5 382
Total cash outflows	587 945	146 136
Cash inflows		
Secured lending (eg reverse repurchase agreements)	18 171	1 428
Inflows from fully performing exposures	26 805	14 327
Other cash inflows	1 791	1 791
Total cash inflows	46 767	17 546
		Total adjusted value⁵
Total HQLA		123 802
Total net cash outflows		128 590
Liquidity coverage ratio (%)		96,3%

³ Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

⁴ Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).

⁵ Note that total cash outflows less total cash inflows may not be equal to total net cash outflows to the extent that regulatory caps have been applied to cash inflows as specified by the regulations.

The figures above reflect the simple average of the month-end values at 30 April 2016, 31 May 2016 and 30 June 2016 based on regulatory submissions to the South African Reserve Bank.

This section on the liquidity coverage ratio has not been reviewed by the group's auditors.